

AS CLEAR AS MUD:  
TRANSPARENCY IN GLOBAL ENVIRONMENTAL GOVERNANCE

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Increased transparency has emerged in recent years as a key objective of those seeking to design the structures of contemporary global governance, touted as “the solution to everything from international financial crises to arms races to street crime” (Florini 1998:50). This paper traces and accounts for the drive for increased transparency as it has been felt in the structures of global environmental governance.

Scholars in International Studies (IS) concerned with global environmental governance cast transparency as a norm that has become significant in transforming state behaviour, thereby assisting the implementation of inter-state environmental treaties. It is the contention of this paper that such a representation of the rise of transparency in global environmental governance is misleading – ‘as clear as mud’ - in three main senses. First, the impact of transparency upon global environmental governance is not as clear as the existing research would suggest. Transparency has become significant not simply in terms of implementing inter-state environmental treaties, but permeates the structures of global environmental governance in a broader and more pervasive manner. Second, it is not clear from existing research how and why transparency has gained ground in global environmental governance. Indeed, scholars have yet to account for the rise of transparency in global environmental governance. Third, increased transparency in global governance tends to be assumed to be beneficial. The benefits of greater transparency in global environmental governance are, however, far from certain. Structures of global environmental governance in which transparency features as an important shared meaning appear inherently unable to address sufficiently the “ecological limits” (Bernard 1997:84-5) of the contemporary world order and world economy. In order to illustrate the argument, the reach of transparency in the structure of global environmental governance is explored through consideration of the rise of environmental accounting and management systems. Environmental accounting and management systems are organisational mechanisms that frame public and private institutionalised practices in a manner that furthers transparency with regard to environmental performance.

**PART I – TRANSPARENCY AND GLOBAL ENVIRONMENTAL GOVERNANCE**

Framed by regime theory, existing research that has considered the impact of transparency in global environmental governance has tended to cast transparency as a new ‘norm’ constraining state behaviour across a range of international environmental regimes (Sands 1993; Victor and Salt 1994; Chayes & Chayes 1995; Young 1992:176).<sup>2</sup> As such, the significance of transparency for global environmental

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<sup>1</sup> The author wishes to acknowledge the helpful comments of Louise Amoore on an earlier draft of this paper.

<sup>2</sup> Within IR, the study of international organisation has been dominated by the neo-liberal institutional approach which seeks to address how a society of states can govern itself. This has prompted the study of international organisations to coalesce around the concept of ‘international regimes’ (Kratochwil & Ruggie 1994:4-8). Definitions of ‘international regimes’ are numerous, but tend to suggest that they

governance is held to lie exclusively in its capacity to transform state behaviour. State institutions become less secretive and more transparent, thereby encouraging the inter-state co-ordination necessary to implement environmental agreements forged within regimes. Transparency becomes regarded, in line with regime theory, as “the availability of regime-relevant information” that “facilitates co-ordinated action by regime supporters, reassures those concerned about being ‘suckered’ for complying, and provides the information necessary for treaty revision” (Mitchell 1998:110-1).

This somewhat limited treatment of the impact of transparency in global environmental governance by the existing literature would seem to generate two principal and related shortcomings. First, while transparency is indeed becoming significant in terms of ‘opening up’ the environmental performance of states to outside scrutiny and, therefore, to furthering the implementation of environmental treaties, there is a failure to address the broader and more pervasive impact of transparency upon global environmental governance. This shortcoming arises largely from the dominance of regime theory over approaches the study of global environmental governance. Regime theory narrows the lens of inquiry into global environmental governance to include the creation and operation of rules as they govern *inter-state relations* within the explicitly delineated *issue area* of the environment (Stokke 1997:28-9). In contrast, an approach that sets out to understand the impact of transparency in the broader structure of contemporary global environmental governance would also draw attention to other significant dynamics as part and parcel of a more comprehensive account. Alongside states, a wide range of non-state actors, working within and across state boundaries, tend to be significant to the creation and maintenance of the structure of global environmental governance (Princen & Finger 1994; Lipschutz with Mayer 1996). As such, it is clearly appropriate to question the role of non-state actors in advancing and reproducing transparency within global environmental governance. Alongside its impact upon inter-state environmental relations, the structure of global environmental governance also has a wider reach, impinging, for instance, upon the productive practices of market institutions (Clapp 1998; Stokke 1997:30). As such, it may also be appropriate to consider the consequences of the rise of transparency within global environmental governance for the restructuring of practices that are undertaken in all institutions, not simply state institutions.

Second, the existing literature largely fails to address the social and political roots of the drive for increased transparency in global environmental governance. Little attempt has been made to place the drive for increased transparency within global environmental governance in the context of a much wider political campaign for greater transparency that has been felt throughout the structures of global governance. This second shortcoming also results, at least in part, from problems inherent to regime theory and, in particular, to its apparent incapacity to adequately explain changes in norms over time (cf. Florini 1996). This shortcoming is also a consequence, however, of a significant assumption that has tended to underpin research into global environmental governance.<sup>3</sup> Lipschutz with Mayer (1996:250) summarises this assumption as follows:

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are collections of norms, rules and decision-making procedures that are established to guide the actions of states within a particular issue area of international politics.

<sup>3</sup> See, for instance, the recent collection edited by Young (1997).

“what scholars of international environmental policy regard as the *sine qua non* of their research: the fact, as it is often put, that environmental degradation respects no borders. This feature automatically thrusts many environmental problems into the international realm where, we are reminded, there is no government and no way to regulate the activities of sovereign states. From this follows the need for international cooperation to internalize transboundary effects, a need that leads logically to the creation of international environmental regimes”.

This underlying assumption concerning the automatic ‘logic’ of the development of global environmental governance thus prompts a research agenda that tends to divorce the environment from the development of the wider structures of global governance which are regarded as subject to alternative ‘logics’. As Lipschutz with Mayer (1996:19-47) illustrate, adopting an approach that rejects this underlying assumption is important to an understanding of contemporary global environmental governance that recognises connections to the wider structures of global governance. The current environmental crisis is necessarily also a social crisis, with considerable consequences for global environmental governance.<sup>4</sup> An understanding of the impact of transparency upon global environmental governance, then, needs to draw upon an account of the wide-reaching drive for transparency felt across the contemporary structures of global governance.

## **PART II – CONTEMPORARY GLOBAL GOVERNANCE AND TRANSPARENCY**

### **Contemporary Global Governance**

Following Murphy (1994), contemporary structures of global governance can be seen to have a long historical lineage stretching back at least to the mid-nineteenth century. While constituted principally by “world organisations” – that is, “those inter-governmental and quasi-governmental global agencies that have (nominally) been open to any independent state” - the structures of global governance have also been made up by an array of informal ideas and formal institutions that operate domestically, internationally and transnationally (Murphy 1994:1-2).<sup>5</sup> Generations of global governance emerge in the context of successive world orders, that is, social orders marked by historically concrete constellations of social forces and modes of industrial development. Distinct connections can be traced between generations of global governance and innovations in industrial capitalism, such that the successes and failures of global governance are implicated in capitalist expansion and crisis.

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<sup>4</sup> Criticism of the separation of society and ‘nature’ is common to ecologists from liberal (e.g. Wapner 1997), historical materialist (Harvey 1993), and feminist-socialist (e.g. Mellor 1992) perspectives alike. Indeed, to treat the environment as an isolated technical ‘problem’ to be ‘solved’ necessarily reinforces existing social and power relations.

<sup>5</sup> The many and various attempts to offer a definition of ‘global governance’ tend to concur with Murphy’s (1994) position. For instance, The Commission on Global Governance (1995:2) describe global governance as “the sum of the many ways individuals and institutions, public and private, manage their common affairs. ...It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions have either agreed to or perceive to be in their interest”. Similarly, Held *et al* (1999:50) note that “By global governance is meant not only the formal institutions and organizations through which the rules and norms governing world order are (or are not) made and sustained ... but all those organizations and pressure groups – from MNCs, transnational social movements to the plethora of non-governmental organizations – which pursue goals and objectives which have a bearing on transnational rule and authority systems”.

During periods of expansion, the structures of global governance have successfully established the shared meanings and formally institutionalised agreements necessary to: facilitate the expanding spatial scale of capitalism; alleviate the resulting societal and inter-state conflict; and strengthen the state-system as a bulwark against alternatives to capitalism.

Viewed through the lens supplied by Murphy (1994) and Cutler (1997), the contemporary structures of global governance can be seen as dating from the crisis of the post-1945 world order than began in the late 1960s. Attempts to establish the new structures of global governance are, therefore, intimately bound up with both a reconfiguration of social forces and with the associated 'third industrial revolution'. The former has been characterised by the collapse of the "embedded liberal" (Ruggie 1982) Fordist compromise between the interests of capital and labour, while the latter is marked by the combination of the informational mode of development and contemporary economic globalisation (Castells 1989). Indeed, the growing prevalence of the term 'global governance' in academic circles is a reflection of the attempt to capture the multiple layers of authority and multiple loyalties that are involved in the efforts of globally-orientated capital to entrench the emerging global information economy (Cox 1999:12). As Murphy (1994), Gill (1992), Falk (1995) and Held *et al* (1999:53) all suggest, 'limits' necessarily therefore remain upon the expansion and intensification of contemporary economic globalisation in the absence of new consensual structures of global governance.

#### *Institutional Change*

Academic attempts to understand the contemporary structures of global governance have tended to focus upon the formal institutions of governance. Research is framed by a fierce debate about the changing position of state institutions within the contemporary structures of governance. On one side, the governance responsibilities of state institutions are held to be undergoing a period of diffusion: leaking 'upwards' to international institutions, global social movements, and transnational corporations; shifting 'sideways' to global financial markets and more powerful states; and descending 'downwards' to quasi-public regional and local bodies (e.g. Strange 1996). From this perspective, understanding global governance requires that a rich and veritable range of new institutions are taken into account, linked to the contemporary reconfiguration of social forces and the transformation of the world economy. On the other side, scholars assert the continued centrality of state institutions within global governance as a result of fundamental continuities in world order and world economy (cf. Weiss 1998).

It is held here that such debates over the position of the state within global governance are misleading and constitute something of a false dichotomy. As with previous periods of crisis, transformations in world order and world economy are indeed prompting the creation of new structures of global governance. However, rather than being in retreat, the state is once again being re-cast. The 'balance' between public and private forms of governance tends to wax and wane through time, reflecting diachronic shifts in world orders. State, civil and market institutions tend to be mutually constitutive in terms of governance. International civil and market institutions have occupied positions in past structures of global governance that are broadly comparable with their current emerging roles and responsibilities (Cutler 1997). Rather than simply reflecting a contemporary failure of state capacity, then,

states are coming to accept, endorse and even promote the position of civil and market institutions in global governance (Sinclair 1994; Clapp 1998:298). State institutions themselves appear to be undergoing a transformation that entails both 'internationalisation' (Cox 1987:253-265) and 'marketisation' (Gill 1995). State institutions are becoming increasingly enmeshed within more extensive international institutional relationships while, at the same time, becoming re-organised around new public management initiatives that involve the re-definition of constitutional relationships to their societies.

Even within a frame of reference that is critical of the terms of existing debates over the future governance role of the state, a comprehensive understanding of the contemporary structures of global governance cannot be developed through a narrow focus upon institutional change. Institutional change and, in particular, the changing "social purpose" (Ruggie 1982) of institutional configurations, needs to be placed alongside and related to changes in the more informal ideational dimension of governance.

### *Ideational Change*

In terms of governance, norms or inter-subjective meanings are not simply ideas, but instead constitute "standards of behaviour" (Florini 1996:364) in the sense that they are necessarily inherent within the social practices that they inform. Shared meanings become embedded in social practices – and, therefore, become significant in terms of governance - only when they are recognised as legitimate and become institutionalised (Florini 1996:364-5). In terms of understanding the structures of global governance, two implications follow. First, alongside institutional change, understanding governance requires that institutions are 'opened up' in order to reveal changes in shared meanings as they become embedded in institutionalised practices. Second, the need to consider shared meanings as part of understanding governance directs attention to the processes whereby shared meanings and the social purposes of institutions are legitimised by wider discourses or world views.

With reference to the contemporary structures of global governance, Murphy (1994) and also Falk (1995) stress that two governance discourses - liberal internationalism and neo-liberal fundamentalism – stand in tension during the present conjuncture.<sup>6</sup> Tensions arise as both discourses seek to legitimate alternative institutions, practices, experts and forms of knowledge. In the contemporary era, liberal internationalists have drawn upon their more radical Keynesian tradition,<sup>7</sup> seeking to advance "social democracy globalised through the agency of an enlightened, empathetic sector of the leadership cadre", and appealing to expertise and knowledge represented by "the Enlightenment faith in reason, persuasion, humanistic values, and social learning" (Falk 1995:575-6). As such, contemporary liberal internationalism legitimates international political institutions, regulatory parameters and institutionalised practices that are consistent with what is often termed

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<sup>6</sup> It is not the intention here to imply that liberal internationalism or neo-liberal fundamentalism (as alternative discourses of governance) exist simply in a unified and coherent manner. Rather, both are conceptualised as ideal-types that contain historically-specific key features and tendencies.

<sup>7</sup> The roots of the liberal internationalist tradition lie in the work of Smith and Kant, later to be taken up by Bentham and Comte, and more recently by Wilson and Keynes (Murphy 1994:13-26). The main tenets of liberal internationalism have changed with each of its historical manifestations in successive generations of global governance, shaped by the socio-economic and political forces of the associated world order.

‘global Keynesianism’. Global Keynesianism seeks to maximise economic development while, at the same time, intervening politically to minimise inequalities within and between state-societies. Largely in the wake of the World Commission on the Environment and Development of 1987 and through the incorporation of the concept of ‘sustainable development’,<sup>8</sup> the contemporary variant of liberal internationalism has increasingly become fused with ecologism, taking the form of ‘global ecological Keynesianism’ (Lipschutz with Mayer 1996:69-73; Kirby, O’Keefe & Timberlake 1995). As Murphy (1994:270-1) summarises:

“The Commission appealed to the growth-orientated Keynesians in the North by arguing for agreement on international institutional structures of accumulation that would allow a return to the more egalitarian days of rapid economic growth in the 1960s and 1970s. It appealed to northern environmentalists as well as a growing ecological movement in the South by pointing out both the unsustainability of the North’s growth patterns and the planetary responsibilities of Third World governments for maintaining the habitats and the biodiversity of their lands. And in appealed to southern exponents of the failed NIEO, and their northern allies who had supported the earlier Brandt Commission reports, by providing a new, potentially more convincing set of arguments for the North’s responsibilities toward the South ...”.

The global ecological Keynesian variant of liberal internationalism has largely failed to become established in the face of the contending contemporary discourse of governance offered by neo-liberal fundamentalism. As in earlier comparable periods of world order crises during which the power of the social forces of financial capital is at its peak, the neo-liberal fundamentalist discourse of global governance has gained considerable ground in the contemporary conjuncture (Murphy 1994:37). The neo-liberal fundamentalist discourse is rooted in a belief in the sanctity of the private ownership of property and in the role of the market-mechanism as the fairest arbiter in society. Governance is de-politicised, as in popular clarion calls to ‘take the politics out of ...’ various aspects of social life. As such, ‘apolitical’ market institutions are deemed to be the appropriate institutional loci for governance, while institutionalised practices take on a legitimate form once they are framed by market signals and subject to market-reinforcing self-regulation. Within state institutions, the latter has tended to manifest itself in a shift away from bureaucratic professionalism to a new managerialism that regards social and political issues as technical and procedural matters, that is, matters to be managed (Desai & Imrie 1998). The neo-liberal discourse of governance also legitimates the governance role of particular experts, most notably economists, financiers and accountants, and the various civil and market institutions through which they come together. The governance role of these experts is itself broadly underpinned by the imperial reach of the epistemological and ontological tenets of neo-classical economics into the understanding of many aspects of social life (cf. Hodgson 1994; Fine 1999).

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<sup>8</sup> The 1987 report of the World Commission on the Environment and Development, commonly known as the Brundtland Commission after its chairwoman, famously defined ‘sustainable development’ as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’.

## Transparency

Those IS scholars attempting to understand the broad impact of ‘transparency’ in the contemporary period tend to take as their starting point a simple and general definition. Florini (1998), for instance, begins from a definition of transparency as “the opposite of secrecy”. Rooted in its connotations of purity and clarity, increased transparency is regarded in normative terms as an important addition to the structures of global governance:

“Transparency encourages a new kind of ‘devolution’ – not from central to local government, but from government to civil society. ...Transparency provides the basis for a highly democratic, albeit non-electoral, system of transnational governance based on the growth strength of global civil society” (Florini 1998:62-3).

From this starting point, she traces the impact of transparency as “self-disclosure” or “regulation by revelation” upon global governance structures in security, trade, human rights and the environment. While the advance of transparency is not inevitable and is far from complete, states, international institutions and corporations are all recognised to be in the process of becoming less secret and more transparent about their internal practices. Under these broad terms of reference, then, transparency becomes equated in a diffuse manner with “institutional transparency” - that is, “mechanisms that facilitate the release of information about policies, capabilities, and preferences to outside parties” (Finel & Lord 1999:315) – as it effects state, market and international institutions.

The utility of this existing research lies primarily in its capacity to draw attention to both the broad reach of transparency across the contemporary structures of global governance, and its implications for institutional and ideational change. In our terms, transparency can be seen as a recently emergent inter-subjective meaning in the making of the structures of contemporary global governance, firmly rooted within and legitimated by the neo-liberal fundamentalist discourse of governance that seeks to weaken the governance role of state institutions. For instance, “enhanced transparency” was the first of five key issues identified by G7 finance ministers in the wake of the Asian financial crisis (G7 1998; IMF 1998).

“Transparency refers to a process by which information about existing conditions, decisions and actions is made accessible, visible and understandable. Transparency contributes to the efficient allocation of resources by ensuring that market participants have sufficient information to identify risks and distinguish one firm’s, or one country’s circumstances from another’s. Moreover, transparency helps to inform market expectations, thereby helping to stabilise markets during periods of uncertainty and also contributing to the effectiveness of announced policies” (IMF 1998:v).

The call for greater transparency across global financial governance combined a desire for the increased disclosure of information and data according to recognised accounting standards and procedures, improved openness of state fiscal and monetary policy making, and less secrecy concerning the operations of the IMF and World Bank. Underpinning the call for enhanced transparency was the neo-liberal belief that the development and spread of the Asian crisis was rooted in market volatility that

itself was a consequence of uncertainties surrounding the availability, reliability, comparability and understanding of market information. In order to prevent a repeat of the Asian crisis, it was deemed necessary that financial practices had to become more transparent to increase the availability of information, thereby enabling rational decision-making in market institutions. In short, enhancing transparency was viewed as significant to ironing-out Asian market imperfections arising from inadequate and incomplete financial information.

Drawing upon the above, the significance of transparency in the contemporary structures of global governance can be seen to hinge upon the extent to which it becomes inherent within institutionalised practices. Institutionalised practices across the various structures of global governance may come to be framed by the belief that information about them should be widely available, rendering them subject to outside market-based scrutiny. The neo-liberal fundamentalist discourse of governance at once both legitimates the drive for transparency and is itself advanced by greater transparency. Rooted in beliefs concerning the need for perfect market information, transparency enables governance by market institutions and actors. Grounded in an awareness that “improvements in transparency depend on implementation of and compliance with recognised standards” (IMF 1998:30), transparency firmly entrenches the governance role of those expert economists, financiers and accountants who both set and monitor self-regulatory information standards and mechanisms. Such standards and mechanisms are central to the processes whereby information becomes understandable as knowledge.<sup>9</sup> Further, given the role of recognised information standards in furthering transparency, the neo-liberal governance discourse is confirmed as the transparent release of information is deemed legitimate only once it accepts the epistemological assumptions of neo-classical economics.

### **PART III – ENVIRONMENTAL ACCOUNTING AND MANAGEMENT SYSTEMS**

Environmental accounting (EA) and environmental management systems (EMS) are part and parcel of an emergent but uncertain sea change in global environmental governance that marked the 1990s. In an ideal-typical sense, the sea change can be conceptualised as a shift towards “free market environmentalism” (Daly 1993) that is powered by the reach of the neo-liberal fundamentalist discourse of governance. State-led ‘command and control’ environmental governance is challenged by the rise of new voluntary instruments of environmental governance that promise to improve the environmental performance of institutionalised practices (Golub 1998). Command and control environmental governance is characterised by state institutions prescribing universal environmental standards, mandating the methods for meeting these standards, and assuring compliance through monitoring and sanctions. In contrast, the new voluntary instruments of environmental governance including eco-design, eco-labelling, environmental reporting, EA and EMS, are self-regulatory tools and techniques aimed at providing the efficiency and positive incentives in institutionalised social practice that command and control environmental governance lacks. The new voluntary instruments are underpinned by a belief in the capacity of new technologies to provide an environmental ‘fix’, and

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<sup>9</sup> Knowledge is not simply being able to gain access to information and establishing the ‘facts’, but understanding information (Strange 1988:115-134).

encouraged by state policies such as environmental taxes, subsidies, and tradable pollution permits that either reward or facilitate the take-up of the new instruments.

While all of the new instruments of environmental governance have tended to be applied within market institutions to the production process, EA and EMS stand out as more generic. EA and EMS are closely related organisational mechanisms that hold out the promise of improving environmental performance of all institutionalised social practices. In simple terms, EA provides a tool for the collection and public reporting of information concerning the environmental performance of a set of institutionalised practices, while EMS provides a monitored procedural technique that can be utilised to embed the publicly declared incorporation of an 'environmental focus' into institutionalised practices.

### **Environmental Accounting**

The key assumption implicit to EA is that institutions should be publicly accountable for their environmental performance. EA thus forms part of the broader thrust within accountancy for social accountability, that is, the extension of the Generally Accepted Accounting Principles (GAAP) to include the public disclosure of non-financial information (Mathews 1997). EA has therefore been applied to both market institutions as an addition to standardised financial accounting, and to state institutions as an addition to national income accounting (US EPA 1995:4-6). As an addition to the financial accounts of a market institution, EA enables the production of public reports detailing environmental costs and liabilities. Meanwhile, as an addition to national income accounting, EA can use physical or monetary units to refer to the consumption of the stock of a state-society's natural resources. The latter is sometimes referred to as the calculation of 'green GDP', defined by the UN as the net national product minus the depreciation of its natural capital (Willums *et al* 1998:149).<sup>10</sup>

EA initially emerged as a component of social accounting in the early 1970s. Throughout the 1970s EA and social accountancy tended to remain at the margins of the accountancy profession, their techniques and methods largely underdeveloped (Mathews 1997:484, 489). Where social accountancy did take hold during this period, EA was only a minor concern. For instance, between 1972 and 1978 Ernst & Ernst applied a set of 27 categories of social accounting to some of the *Fortune 500* companies for which they acted. Of the 27 categories, only 3 were environmental (Mathews 1997:488). The 1980s witnessed considerable academic development in the techniques and methods of EA, and yet the actual implementation of EA remained rare. Considerable contest was generated within the accountancy profession over the possible extension of disclosures to include social and environmental issues traditionally regarded by financial accounting as externalities (Mathews 1997:493). By the early 1990s, however, major accountancy firms such as Ernst & Young, corporate managers, NGOs such as the World Wildlife Fund, and international organisations including the OECD all began to explore the possibilities of EA (OECD 1995:5; 1998).

In terms of contributing towards global environmental governance, certain dynamics are at work which suggest the current significance of EA is likely to

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<sup>10</sup> On 'green GDP', see also Pearce (1989).

increase. The OECD (1995) views EA as one of the key tools for the necessary integration of economic and environmental policy-making. Indeed, since 1994 the US and EU states have been committed to developing their systems of national income accounting to enable the calculation of so-called 'Green GDP' (OECD 1995:14-16). Particularly given the methodological and measurement problems involved, such macro-level applications of EA do remain limited. The greatest advance of EA has been in terms of additions to the financial accounts of market institutions. For manufacturers and banks alike, EA provides both "a reply to green consumerism" and also "a means to reduce costs" (OECD 1995:8). Meanwhile, for the major accountancy institutions that are experiencing competitive pressures to branch out beyond their traditional areas of business (Strange 1996:135), EA offers an important new avenue for profit-making.

Perhaps the key issue determining whether the significance of EA in global environmental governance will continue to grow lies, however, in the extent to which EA becomes integrated within attempts to entrench a universal audited GAAP global standard. As the American National Standards Institute (ANSI) notes more broadly,

"In a global marketplace, the objective of the standards development process must be a single, internationally recognized, technically valid standard that allows products to be distributed for commerce worldwide without change or modification".<sup>11</sup>

Attempts led by the International Accounting Standards Committee (IASC), the International Organisation of Securities Commissions (IOSCO) and the US Securities and Exchange Commission to advance global accounting standards have progressed independently of the rise of EA and other aspects of social accounting. For instance, the IOSCO list of 40 core accounting standards applicable to market institutions undertaking cross-border offerings and listings covers purely financial concerns. The International Organisation for Standardisation (ISO) 14000 series dating from mid-1996 does, however, include ISO 14010 which provides 'general principles for environmental auditing' (Clapp 1998:299). ISO 14010 gives non-certifiable guidelines for EA that are recognised by all of the national members of the ISO. Some national standards bodies are beginning to put EA in place. For instance, according to the Bank for International Settlements (1999:4), in the US and Canada "environmental issues have been integrated into generally accepted accounting principles". The contribution of EA to the structure of global environmental governance remains, then, emergent and partially developed at the current time.

### **Environmental Management Systems**

EMS appeared in the early 1990s as an extension of total quality management (TQM) as applied to the organisation of institutionalised practices. Just as the TQM of the 1980s was concerned with building a 'customer focus' into institutionalised practices, the EMS of the 1990s seeks to embed an 'environmental focus' into institutionalised practices. As Chatterjee and Finger (1994:123) observe,

"the environmental challenge is not alien but actually reinforces the TQM philosophy, focused as TQM is on the results (outcomes) and the efficiency of

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<sup>11</sup> [www.ansi.org/public/services/edu/gen\\_info/Glob\\_th/sld006.htm](http://www.ansi.org/public/services/edu/gen_info/Glob_th/sld006.htm)

the process. Indeed, the natural environment is interpreted within the TQM framework as analogous to the customer: what the low quality product is to the customer, pollution is to the environment, i.e. basically a sign of organisational inefficiencies”.

Institutions establish their own environmental goals. Once implemented, an EMS provides a set of monitored procedural codes of conduct that aims to ensure institutionalised practices are guided in such a way that they work toward meeting these goals.

The potential significance of EMS within the structures of global governance has been greatly advanced by its position at the heart of the ISO 14000 series.<sup>12</sup> For instance, Clapp (1998) interprets the central position of EMS in the ISO 14000 series as an important example of the shift away from state-led ‘command and control’ towards the privatisation of global environmental governance. ISO 14001 details ‘environmental management systems – specification with guidance for use’ and ISO 14004 provides ‘environmental management systems – general guidelines on principles, systems and supporting techniques’ (Clapp 1998:299). In terms of global environmental governance, ISO 14001 differs from the guidelines provided for EA by ISO 14010 in one crucial respect: ISO 14001 is a certifiable standard.<sup>13</sup> ISO 14001 therefore constitutes a globally recognised standard that can be subject to audit by the ISO’s global network of certification bodies.

Since its issue in September 1996, the ISO 14001 EMS has become increasingly embedded in institutionalised practices. By the end of 1998, 7,900 ISO 14001 certificates had been issued across 72 countries, an increase of 3,450 from the end of 1997 (ISO Survey 1999). For market institutions in particular, ISO 14001 certification has and continues to offer several benefits. These include probable cost savings through efficiency gains, and an enhanced environmental image in the minds of consumers, suppliers, investors and bankers (Clapp 1998:300). In addition, ISO 14001 has been widely adopted by national standards-setting bodies. For instance, in 1997 the US Environmental Protection Agency gave its newly chartered Office of Reinvention the responsibility for supporting and promoting the implementation of ISO 14001 certifiable EMS through a range of pilots and programs. The OECD (1998a) are currently exploring the problems and opportunities presented by employing EMS in state and local government institutions. Further, despite the undoubted problems it poses for exporters from underdeveloped state-societies, the

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<sup>12</sup> The development of EMS at the global scale through ISO 14001 has been paralleled in Europe by the European Union’s Eco-Management and Audit Scheme (EMAS) regulation (1983/93). EMAS forms a central plank of the EU’s commitment to the use of voluntary mechanisms in European environmental governance (EC 1992, 1993). The immediate motivation behind EMAS lay in an awareness that the range of national EMS standards which emerged in the early 1990s in Germany, Denmark, France and the UK were problematic when viewed in terms of attempts to construct the Single Market (Zito & Egan 1998:108).

<sup>13</sup> ISO 14011 establishes the procedures for the ‘auditing of environmental management systems’ and ISO 14012 the ‘qualification criteria for auditors’. Certification is specific to the individual sites of institutionalised practice, most commonly an industrial plant. The criteria for the certification of a site include: an environmental policy indicating a commitment to both comply with relevant environmental laws and continually improve environmental performance; the adoption of a management system that ensures that practices conform to the environmental policy; a successful audit to confirm that the management system has been implemented. The certification awarded must be made available to the public upon request.

WTO has recognised ISO 14001 as the legitimate EMS standard which will contribute towards breaking down environmental barriers to trade (Clapp 1998:295).

### **EA, EMS, Transparency and Global Environmental Governance**

Existing work in IS by Clapp (1998) that reflects upon the implications of the advance of EA and EMS in global environmental governance focuses upon the institutional change that is entailed. For Clapp, EA and EMS are cases that illustrate the ‘privatisation’ of global environmental governance in the sense of a waning of the authority of public institutions. Particular emphasis is placed upon the governance role of the ISO conceptualised as a private-industry based organisation (Clapp 1998:301).<sup>14</sup> The expertise and judgement of private auditors with regard to environmental performance becomes privileged, in spite of the environment falling outside their traditional financial remit. While identifying an important institutional dynamic of the advance of EA and EMS, Clapp’s analysis largely fails to relate this to concurrent shifts in the shared meanings and discourse of global governance, and to diachronic shifts in world order and world economy.

As a recently emergent inter-subjective meaning in the making of the structures of contemporary global governance, transparency both supports and is itself furthered by EA and EMS. Applied to the practices of market institutions, EA makes information regarding environmental performance publicly available in such a way as to enable market discipline. As Golub (1998:5) asserts for EA and eco-label schemes,

“these instruments generate incentives for pollution reduction by harnessing the market power of ‘green consumerism’. Armed with information which labels and audits provide about the content and manufacturing process of products, and about the internal environmental performance of firms, consumers will be able to express their preference for environmentally friendly behaviour, and firms will be forced to respond accordingly or else lose market share”.

Not dissimilarly, when incorporated into national accounts, EA provides information necessary for citizens to hold state managers to account for their state-society’s environmental performance. A certified EMS, meanwhile, informs consumers and citizens that an institution has put in place codes of conduct aimed at improving environmental performance.

The relationships between transparency and EA and EMS rest more broadly upon the neo-liberal discourse of environmental governance. Under neo-classical liberal economics, the environment is represented as an ‘externality’ that private market institutions are not responsible for. Drawing directly on the work of neo-classical scholars concerned with market imperfections, the neo-liberal discourse of environmental governance identifies this representation of the environment as lying at the heart of environmental degradation. However, rather than requiring command and control style regulation, the neo-liberal discourse holds that environmental costs

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<sup>14</sup> The ISO casts itself as a non-governmental organisation, but UNCTAD refers to the ISO as a private-industry based organisation (Clapp 1998:301). The ISO has 132 national member institutes. These include, for example, the American National Standards Institute, British Standards Institute, and Association Française de Normalisation. Its standards are monitored and certified by 570 certification bodies in 93 countries.

should be ‘internalised’ within market institutions.<sup>15</sup> Once internalised, new technologies can be used to reduce environment impacts and resource use. No fundamental incompatibility exists, then, between the market and the interests of capital on the one side, and the environment and the public interest on the other – “environmentally unsound activities are ultimately economically unsound” (Elkington & Burke 1987:210). The OECD (1998:7-10) provide a particularly stark Coasian statement of the neo-liberal position:

“A major cause of environmental degradation is the presence of external environmental costs and a lack of well-defined property rights. Open access to many resources, which are regarded as common property by economic agents, means that agents lack incentives to take the full costs of environmental degradation into account. ...Unless prices for raw materials and products properly reflect social and environmental costs and benefits, and unless prices can be assigned to air, water and land resources that presently serve as cost-free receptacles for the waste products of society, resources will be used inefficiently and pollution will increase. Hence, ‘externalities’ need to be internalised either through the price system or by establishing property rights”.

Transparency thus becomes legitimated, a prerequisite that enables institutions to be seen as internalising environmental costs. EA and EMS act as organisational mechanisms that frame institutionalised practices in a self-regulatory manner, furthering transparency with regard to measuring the extent to which environmental costs are becoming internalised.

As part and parcel of neo-liberal global environmental governance and the drive for transparency that this entails, the rise of EA and EMS has been backed by significant social forces and states. The World Business Council for Sustainable Development (WBCSD), a coalition of around 120 multi-national market institutions which include Mitsubishi Corp, Shell, 3M, du Pont, and the Dow Chemical Group, has been at the forefront in representing the interests of globally-orientated capital. EA and EMS are cast by the WBCSD as important ‘tools for managing the sustainable corporation’ (Willums *et al* 1998:137-160). In the run up to the Rio Earth Summit of 1992, fears about the advance of the global ecological Keynesian discourse of governance prompted the WBCSD to articulate EA and EMS as components of a neo-liberal alternative. The WBCSD secured the support of the government’s of the advanced industrial state-societies and a range of international organisations including the OECD and the World Bank, thereby pushing the ecological interests of the ‘green movement’ to the margins in the Rio process (Chatterjee & Finger 1994:112-3; Kirby, O’Keefe & Timberlake 1995:10-12). This marked “a crucial moment in environmental and development history” (Chatterjee & Finger 1994:2), a reconfiguration of social forces that served to advance neo-liberal global environmental governance.

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<sup>15</sup> “The problem of internalizing social and environmental costs has a long history of discussion in economics. There are two main alternative approaches to internalizing external costs, the Pigouvian and the Coasian, after their two champions, A.C. Pigou and R.H. Coase. Pigou advocated the imposition of taxes or subsidies to close the gap between social cost (or benefit) and private cost (or benefit). Coase advocated the definition or redefinition of property rights in such a way that bargaining among private citizens would lead to the incorporation of formerly external costs in decisions” (Daly 1993:172). The neo-liberal discourse of governance clearly draws on the ideas of both Pigou and Coase to legitimate different instruments of governance.

With significant support from states and social forces, EA, EMS and the neo-liberal vision of which they are part would appear the most likely basis for continued efforts to create the contemporary structure of global environmental governance. The success of such a neo-liberal strategy appears, however, to be highly doubtful. Previous liberal internationalist structures of global governance have enabled the incorporation of new technologies into an expanding scale of capitalism by addressing the limits imposed on such expansion by social conflicts (cf. Murphy 1994). In the contemporary world order, the structure of global environmental governance similarly must confront “ecological limits” (Bernard 1997:84-85) if the global informational economy is to become entrenched. It is the apparent inability of the emerging neo-liberal structure of global environmental governance to overcome ecological limits that casts serious doubts upon its utility.

The ecological limits of the present world order and world economy combine related material and political dynamics. In material terms, the capitalist world economy contains an ‘ecological contradiction’ in the sense that, as a consequence of its operations, it consumes and degrades the very resources upon which it draws (O’Connor 1994:4-14). The neo-liberal discourse of global governance places its faith in the capacity of new technologies and the extension of environmental property rights to overcome this material contradiction. EA and EMS are important tools in this regard, furthering the transparency in terms of environmental performance and encouraging the adoption of new technologies that improve environmental performance. It is somewhat ironic that the neo-liberal discourse of governance seeks to advance further the very commodification of the environment that, as Polanyi (1944) highlights, has done so much to contribute to its destruction (Bernard 1997:84-5).<sup>16</sup> Attempts to further commodification feed into the political dynamics of the ecological limits in the sense that political resistance is engendered. Clapp’s (1998:305-11) account of the political tensions between the developed and the underdeveloped world arising from the ISO 14001 standard provides an interesting case in point. Contrary to the neo-liberal discourse of governance, the environment is not and cannot be a scientific and technical issue to be managed. Changes in the structures governing the relationship between society and the environment involve not only new techniques to manage the environment, but also shifts in social relations. Embedded social relations work against neo-liberal efforts to commodify the environment further, generating political tensions that serve to question the shared meanings (e.g. transparency) and institutions of governance that are legitimated by neo-liberalism. Such contradictions and tensions in neo-liberal global environmental governance seem likely to ensure, then, that ecological limits will remain upon the expansion and intensification of contemporary economic globalisation into the foreseeable future.

## CONCLUSION

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<sup>16</sup> Even those who are sympathetic to the neo-liberal discourse doubt its capacity to deliver (e.g. Weale 1993). As the use of bio-technology illustrates, there is little to suggest that new technologies are being employed to deliver a ‘green wave’ of economic growth. It appears unlikely that private property rights can be extended to include air, the oceans and the ozone layer (Weale 1993:164-5). Meanwhile, whether or not enhanced transparency through EA and EMS promotes improvements in environmental performance remains a highly contentious issue (Clapp 1998:295).

This paper began by surveying existing research in IS that has addressed the rise of transparency in global environmental governance. Existing research, undertaken largely within the frame of reference supplied by regime theory, was posited to be somewhat ambiguous – ‘as clear as mud’ – in two main senses. First, as a consequence of a rather narrow focus upon the role of transparency in facilitating the implementation of inter-state environmental treaties, research has not adequately captured the broad and pervasive manner in which transparency has become manifest in global environmental governance. Second, existing research has largely failed to relate the rise of transparency in global environmental governance to the social and political dynamics of the drive for transparency that have been at work across the structures of contemporary global governance. Contextualised in the contemporary world order and world economy, such a campaign for transparency can be situated within the wider advance of the institutions and discourse of neo-liberal fundamental global governance.

The broad and pervasive impact of transparency throughout the structures of global environmental governance, the support for greater transparency states and social forces, and the relationship of these developments to the institutions and discourse of neo-liberal fundamentalism were all explored through consideration of EA and EMS. As organisational mechanisms that are coming to occupy a significant position within global environmental governance, EA and EMS advance the transparency of institutionalised practices in terms of revealing environmental performance. Transparency and EA and EMS rest upon and are legitimated by the neo-liberal fundamentalist discourse of governance that holds that, as externalities, environmental costs should be internalised within market institutions. The account offered of transparency in global environmental governance highlighted that, contrary to widespread normative assumptions concerning contemporary global governance, the benefits of transparency remain unclear. Transparency, and the emerging neo-liberal structure of global environmental governance of which it is part, appears unlikely to overcome the ecological contradictions and tensions of the contemporary world economy.

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